



Q & A TO IMPLEMENT THE GOVERNOR'S MANDATED SEVEN-DAY FURLOUGH FOR NON-CONTRACT, EXECUTIVE BRANCH EMPLOYEES

1. When can employees begin taking furlough days?

Furlough days can be taken, beginning with the November 27, 2009, pay period through the end of the June 11, 2010, pay period. (The last day of this pay period is June 24, 2010.)

2. Does the funding source for a non-contract position determine who will need to take the seven furlough days?

No, all non-contract employees, regardless of funding source, must take the seven furlough days.

3. How can the seven days of furlough be taken?

The seven furlough days may be taken as an entire work day or part of a work day, no less than 4 hours at time. You may not take more than two furlough days per pay period. Since some employees may work a flex schedule of more than 8 hours in one day, no employee will be required to take more than 56 hours total (the equivalent of seven eight-hour days). For example, if an employee works a 10-hour day, that 10 hours will be credited towards the 56 hours of furlough required of each non contract employee, this employee will then be required to take 46 additional furlough hours.

4. How will taking furlough days be scheduled? Must the employee receive approval by the supervisor before taking a furlough day?

Yes, a department should treat a request for a furlough day the same as a request to take a vacation day. An employee must receive approval from his/her supervisor before taking a furlough day. Supervisors should ensure proper coverage of the work unit before granting a furlough day.

5. Do agencies have the ability to close offices on these days?

If an agency is considering closing an office for a day that is staffed by non-contract employees only, the agency must consult with the Governor's Office prior to making that decision.

6. May departments tell employees when to take their furlough days?

A department should allow as much flexibility as possible when granting the furlough days requested by the employee.

7. Are furlough plans required?

No, furlough plans are not required from departments.

8. What are the FLSA implications to furloughs?

Some non-contract employees are exempt from the overtime provisions of FLSA. When these non-contract employees take a furlough, the exemption will not apply during the work week when furlough time is taken.

9. May someone work on his or her furlough day?

No, when taking a furlough day, everyone loses his or her FLSA exemption during the week the furlough is taken.

10. What are the benefit implications?

There is no change to benefits if an employee is continuously off for less than 30 calendar days. A seven-day furlough will not impact benefit coverage, contribution levels, or leave accrual rates. Specific types of benefits and points of interest are listed below:

- **Health, Dental, Life and Long-Term Disability Insurance** – Health, life, and dental insurance coverages and the State's premium contribution for these insurances will not be directly affected. The employee's full share of the premium, however, must be paid despite the reduction in work hours or insurance coverage will be discontinued. Therefore, if an employee's pay during the period is not enough to cover the employee's share of the premium, the employee must submit payment for the employee's share.
- **Health and Dependent Care Flexible Spending Accounts** – If the employee receives enough pay to make the FSA contribution, the contribution will continue and the employee will receive coverage if the employee has eligible expenses. If the employee does not receive enough pay to make the FSA contribution, coverage will continue and the contribution will be increased the next pay period to make up for lost contributions.
- **Federal Withholding, State Withholding, and FICA** – The amounts deducted from the employee's pay in each of these categories will be adjusted each pay period based on the salary earned.
- **Deferred Compensation** – Employees receiving pay may choose to terminate or adjust their deferred compensation deduction for a specified period of time. If an employee decides to terminate deferred compensation contributions, he or she may restart at any time. Appropriate RIC account forms are available from each Personnel Assistant or at <http://ric.iowa.gov/>. If an employee suffers a financial hardship due to an unforeseeable emergency (such as an unplanned loss of wages), the employee may be eligible to receive a hardship distribution from the employee contribution (457) plan. An employee who hasn't contributed to the program for two or more years and whose account balance is under \$5,000 may receive a cash-out of the employee's 457 account.

11. Do I accrue vacation and sick leave while on furlough?

Yes, employees will continue to accrue sick leave and annual leave. Agency Human Resource Associates will be provided with the necessary information to ensure that vacation and sick leave accruals are not affected by this furlough. For those employees on the HRIS Time Reporting system, time type 864 TEMP LAYOFF-ACCR provides vacation and sick accruals. This time type will show up on the list of valid codes in both the Explode the Day screen and the Selection List screen. If your department does not use HRIS Time Reporting, but enters its employees' data on PAYN, you will reduce the number of regular hours to be paid by the number of hours of furlough taken. Then, you must do a P1 type 271 LEAVE BALANCE CORRECTION to give the employee the correct sick and vacation accruals.

12. May I take vacation or compensatory time in lieu of furlough?

No, this is not allowed. The seven furlough days must be unpaid.

13. May I volunteer to take someone else's furlough days?

No, another employee may not volunteer to take extra furlough days, so someone else does not have to take the required seven furlough days.

14. May I approve overtime to cover someone's absence due to a furlough?

No, overtime may not be approved to cover absences due to a furlough.

15. What are the IPERS implications?

If your pay reduction occurs in one of your three highest years of earning, your future pension benefits would be reduced accordingly. However, if your final average salary would be reduced

as a result of an employer-mandated reduction of work hours, you may be eligible to make voluntary contributions to your IPERS account. Choosing to do this will minimize the negative impact of the reduction in work hours to your IPERS benefit amount. The voluntary contributions must be the amount of IPERS contributions you and your employer would have paid if you had not had reduced work hours. Under current law, you can make voluntary contributions only for hours reduced between January 1, 2009, and June 30, 2010. You will find this beneficial only if your final average salary will include your wages from calendar year 2009 and/or 2010. To make voluntary contributions, you must file an election form with your employer before July 1, 2010, and your employer must forward your additional contributions to IPERS no later than July 31, 2010. For detailed information on the employer mandated reduction in hours process as it relates to IPERS, visit their website at http://www.ipers.org/newsroom/announcements/2009_2.html. For additional questions on IPERS, contact David Martin at 515-281-0065.

16. What happens to my payroll deductions when I am on furlough?

Your payroll deductions will continue unless you take action to change them. However, some of those deductions may not be changed, such as garnishments or wage assignments, and the employee share of insurances, if applicable. See the answer to question #10 above for an explanation of insurance premium payments, flexible spending account deductions, and deferred compensation deductions.

17. Are furloughs days pro-rated for permanent part-time employees?

Yes, furlough days should be prorated for permanent part-time employees. For example, if a permanent part-time non-contract employee works 20 hours a pay-period or half time, he/she will be required to take 3.5 days of furlough days. The furlough days should be pro-rated based on the number of hours worked by permanent part-time employees.

18. Do temporary non-contract employees have to take a furlough?

Yes, all temporary employees (780 hrs, Olsten, Merit Resources, etc, included) must take seven furlough days. If temporary employees work less than 40 hours per week, their furlough days will be pro-rated as indicated in question #17.

19. May I stop my payroll deductions for the furlough day?

Some payroll deductions are mandatory or cannot be changed. Payroll deductions for State provided insurance, flexible spending accounts and deferred compensation are addressed in question #10 above. Your payroll tax withholdings (Federal, State and FICA) and your retirement contributions will be decreased as they are based on percentages. FICA (Social Security) is a payroll tax with a fixed percentage and you have no option to change that percentage. You may, however, change your withholding status and number of withholding allowances for Federal and State tax withholdings, by completing new W4 forms. Voluntary payroll deductions can be stopped or changed by completing the appropriate forms and turning them into your Human Resources Associate. Examples of those voluntary payroll deductions are deductions for your credit union account, deferred compensation, US Savings Bonds, and some miscellaneous deductions.

20. May I take my furlough day in less than eight-hour increments?

Yes, you may take your furlough in increments of four hours or more.

21. How should my furlough days be recorded on my timesheet?

Time type 864 TEMP LAYOFF-ACCR is a leave without pay code that will not reduce sick and vacation accruals. This time type should be used on an employee's HRIS timesheet when recording any furlough hours or days during the pay period. For tracking and reporting purposes, we suggest you put EMPLOYER MANDATED REDUCTION IN HOURS in the Remarks line on the front of the timesheet.

22. May I take a furlough day before and/or after a holiday and get paid for the holiday?

The DAS rules indicate that you must be in pay status if your regularly scheduled work day falls on the day before or the day after the holiday in order to be paid for the holiday. However, a

request will be made to waive this rule. The employee will be paid for the holiday if the employee is approved to take a furlough day before and/or after the holiday. The employee may not take the holiday as an unpaid furlough day.

23. If I am currently on approved leave without pay (FMLA, military leave) do I have to take additional furlough days?

No, if you are in an approved leave without pay status (which has extended beyond seven days or 56 hours) you will not be required to take an additional seven furlough days.

24. May a furlough be reduced based on the amount of money an individual earns or on a sliding scale based on an employee's income?

No, every non-contract employee, regardless of his or her salary, must take the seven furlough days.

25. May an employee pay the State for the cost of their seven furlough days rather take seven days without pay?

No, each employee must take the seven furlough days. However, please see question #15 regarding the IPERS implications.

26. Do we allow employees to take 1/2 day furlough and 1/2 day vacation?

Yes, just be sure the appropriate code is entered into the HRIS timesheet for each type of leave.

27. I have already taken a voluntary leave without pay. Do I have to take this furlough also?

Yes, all non-contract employees must take a total of seven furlough days between the November 27, 2009, and the June 11, 2010, pay periods.

28. Can a report be generated from the HRIS/Payroll system that shows the number of temporary layoff hours used by our employees each pay period?

If your department is on HRIS Time Reporting (and not PAYN), a report has been developed which will be sent to you following each pay period detailing the employee by name, their position number, their base and hourly salary, and the number of Temporary Layoff Hours they have taken that pay period. Both the Temporary Layoff with Accrual hours and the Temporary Layoff without accruals will be contained on that report. If your department is not on HRIS Time Reporting, then you won't get a report. Those hours would have to be tracked internally, depending on the timesheet process you have in place. If you have additional questions on this report contact Jean McPherson, DAS-State Accounting at 515-281-3976.

If you have any additional questions, please contact your assigned DAS-HRE Personnel Officer.